



PERS Plan 2 and PERS Plan 3 Rules for State Elected Officials

Washington State Department of Retirement Systems

If you would like to be a member of the Public Employees' Retirement System (PERS) Plan 2 or Plan 3 while in office, you must apply to the Department of Retirement Systems (DRS). However, you are not required to be a retirement system member. The following rules apply to state elected officials who choose to be covered while in office.

You are eligible to participate in PERS Plan 2 or PERS Plan 3 while in office if:

- You have been elected to a statewide office (for example, Representative or Senator in the state legislature), AND either
- You are a PERS Plan 2, PERS Plan 3, TRS Plan 2, TRS Plan 3, LEOFF Plan 2, SERS Plan 2, or SERS Plan 3 member when elected to office, or
- You are a former PERS Plan 2, PERS Plan 3, TRS Plan 2, TRS Plan 3, LEOFF Plan 2, SERS Plan 2, or SERS Plan 3 member, even if you withdrew funds from your retirement account, or
- You are not a current or former member of a Washington state-administered retirement system.

Additional rules governing PERS Plan 2 and PERS Plan 3 members are summarized in the PERS Plan 2 and PERS Plan 3 Member Handbooks, which may be requested by contacting DRS at 1-800-547-6657 outside the greater Olympia area or at (360) 664-7000. You may also obtain a copy via the DRS Web site at www.wa.gov/DRS/drs.htm.

When can I apply for membership?

During your initial term: You may apply for membership at any time during your initial term of office. If you enter membership after your initial term of office has begun, you must retroactively pay employee contributions plus interest dating back to the first day of your initial term.

During a following term: If you do not apply for membership during your first term in office, you may apply for membership during a following term. Membership will be granted retroactively to the first day of the term in which you apply for membership. You must retroactively pay employee contributions plus interest dating back to the first day of the term in which you apply for membership.

When you have established membership for your current term, you may have the option of purchasing credit for any previous term or terms of office during which you did not choose to apply for membership. See "Can I Receive Credit for Past Elected service?"

If you chose to participate in PERS Plan 2 during your term of elected office, and you serve an additional term of office with the same employer without a break in service, you will remain a PERS Plan 2 member.

Your membership decision is final: Once you have established retirement system membership, you must remain a member until you separate from all eligible public employment.

If you separate from service and leave office, you will not be considered separated if you return to office for

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the same employer during the term in which you left.

You may retire and retain your elected position if:

- In that position, you earn less than \$15,000 adjusted annually for inflation, and
- You abandon claims for credit for future periods of elected service.

How much service credit will I earn?

The amount of your retirement benefit is determined in part by the amount of service credit you accumulate.

As a state elected official, you:

- Earn one month of service credit for each month during which you earn compensation pursuant to your elected position.
- Can earn no more than one service credit month in any calendar month even if you are employed with another PERS-covered employer.

Can I receive credit for past elected service?

After you have established membership for your current term of elected office, you are entitled to purchase service credit for any previous elected term or terms of office during which you did not choose to apply for membership.

To receive service credit you must pay the required employee and employer contributions for your previous term or terms of elected service with interest, as determined by DRS. Your employer may elect to pay the required employer contributions and interest for you. If you served multiple terms in office with different employers, you may purchase credit for service with as many of the employers as you choose. If you purchase credit for service with an employer, you must purchase all consecutive service with that employer.

If you do not choose to become a member while holding elected office, and later become an active member in a non-elected position, you may then purchase credit for your elected service.

What will my retirement benefit be?

If you are a PERS Plan 2 member, you will receive a service retirement benefit based on the following formula:

$$2 \text{ percent} \times \text{Service Credit Years} \times \text{Average Final Compensation} = \text{monthly benefit}$$

If you are a PERS Plan 3 member, you will receive a service retirement benefit based on the following formula:

$$1 \text{ percent} \times \text{Service Credit Years} \times \text{Average Final Compensation} = \text{monthly benefit}$$

Average Final Compensation is the monthly average of your 60 consecutive highest-paid service credit months. Not included are payments for any type of severance pay, such as lump-sum payments for deferred sick leave, vacation or annual leave.

How much will I contribute to my retirement fund?

Plan 2 contribution rates are variable and may be changed as necessary to reflect the cost of the plan.

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In Plan 3, the amount you contribute depends on the contribution rate option you choose. Plan 3 features six contribution rate options that, once selected, may only be changed if you change employers. The Plan 3 contribution rate options are:

Option A: 5% fixed at all ages

Option B: 5% up to age 35; 6% ages 35 to 44; 7.5% age 45 and up

Option C: 6% up to age 35; 7.5% ages 35 to 44; 8.5% age 45 and up

Option D: 7% fixed at all ages

Option E: 10% fixed at all ages

Option F: 15% fixed at all ages

As a legislator how do I calculate my compensation earnable?

For any year in which you serve in the legislature, you have the option of choosing the greater of:

- The compensation you would have earned in your previous covered position if you had not served in the legislature, or
- The combined compensation you earned for your legislative service and your non-legislative public employment.

If you select the option that produces the higher compensation earnable, you must pay the difference between the employee and employer contributions.

What if I am a retired PERS Plan 2 or PERS Plan 3 member when elected?

If you are a retired PERS Plan 2 or PERS Plan 3 member when elected to office, you can choose to either remain retired and continue receiving your retirement allowance while serving in office, or return to active member status while serving in office.

If you choose to remain retired while in office, you can work up to 867 hours in a calendar year without loss of benefits. Your benefits will be suspended if you work beyond 867 hours in a calendar year, and will remain suspended until you terminate PERS-covered employment or until the end of the calendar year, whichever comes first.

You can return to active member status by applying to DRS. If you return to active member status, you will stop receiving a monthly retirement benefit, and you will resume making contributions to your retirement system and accumulating service credit. Any retirement benefit you receive during your current term must be repaid.

How do I enroll?

To begin, continue, or reestablish membership in the appropriate retirement system and plan, contact DRS and

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provide the following information:

Name

Social Security Number

Address and phone number

Position title and employer

Beginning date of each term of elected service (for recovery of previous service you will need to provide both beginning and ending dates for each of your terms of service)

You may also request an estimate of the cost of purchasing credit for previous service. provide the following information:

You can write DRS at:

Department of Retirement Systems

PO Box 48380

Olympia, WA 98504-8380

You can call DRS outside the greater Olympia area at 1-800-547-6657, or locally at (360) 664-7000. **Office hours** are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays.

Questions?

To discuss the application of these rules to your specific case, call the DRS Central Reception Desk and ask to speak to the Legislative and Legal Services Unit.

DRS's central telephone number is toll free 1-800-547-6657 or locally (360) 664-7000.

Office hours are 8 a.m. to 5 p.m., Monday through Friday, except legal holidays.

THIS PUBLICATION IS A SUMMARY

This brochure does not contain a complete description of the law. If there are conflicts between the information contained in this brochure and retirement law, the applicable law will govern.

This publication is available in alternate formats. For information contact DRS Member Communications at (360) 664-7278.